

Message Text

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C O N F I D E N T I A L KINSHASA 1798

EXDIS

FOR ASSISTANT SECRETARY SCHAUFLE FROM CHARGE

ALGIERS FOR UNDER SECRETARY ROBINSON

E.O. 11652: GDS

TAGS: EAID, CG, US

SUBJECT: ASSISTANCE PROGRAMS: DEVELOPMENT

REF: (A) KINSHASA 1676; (B) STATE 047243 (NOTAL)

(C) KINSHASA 1797

1. IN CONSIDERING AID PRORAMS AND OTHER INITIATIVES DESIGNED TO SUPPORT AND IMPROVE THE ZAIRIAN ECONOMY IT IS IMPORTANT TO RECALL THAT LONG AGO THE DECISION WAS TAKEN BY ZAIRE TO DEVOTE THE BULK OF AVAILABLE RESOURCES TO THE MINING SECTOR, POWER GENERATION AND TRANSMISSION AND INDUSTRIAL PROJECTS. THESE MAJOR PROJECTS MUST BE BROUGHT TO FRUITION BUT IN THE PROCESS THERE WILL BE LITTLE LEFT TO PUT INTO AGRICULTURE, TRANSPORTATION AND SOCIAL SERVICES. THE IMF BALANCE OF PAYMENTS PROGRAM AND OTHER SUPPLEMENTAL SHORT TERM ASSISTANCE WILL NOT DEAL WITH THIS BASIC NEED TO PRODUCE AND DELIVER MORE FOOD, CREATE MORE JOBS AND PROVIDE BASIC HEALTH AND OTHER SOCIAL SERVICES. A FAILURE TO ADDRESS THESE PROBLEMS WILL ONLY PERPETUATE THE ENCLAVE ECONOMY REPRESENTED BY THE MINING SECTOR, ACCELERATE URBANIZATION AND PRODUCE POLITICAL INSTABILITY.

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2. WHILE WE AGREE THAT CURRENT AID PROJECTS WILL NOT

HAVE IMMEDIATE IMPACT WE MUST CONSIDER THAT OUR SECTORS OF CONCENTRATION I.E. AGRICULTURE AND HEALTH ARE NOT BEING ADDRESSED TO THE EXTENT THEY SHOULD BY GOZ OR OTHER DONORS. THEREFORE, IT FOLLOWS THAT IF WE COULD BREAK THROUGH BUREAUCRATIC CONSTRAINTS, USG AND GOZ INTERESTS WOULD BE WELL-SERVED. ALL ALL-STOPS-OUT EFFORT SHOULD BE MADE TO ACCELERATE DESIGN AND IMPLEMENTATION OF NORTHSHABA RID AND GRAIN MARKETING PROJECTS. IN THE HEALTH SECTOR, WE PLAN TO AUTHORIZE THE ENDEMIC DISEASE CONTROL PROJECT THIS FY. WE SHOULD ALSO PUSH AHEAD WITH HEALTH SYSTEMS MANAGEMENT AND BASIC FAMILY HEALTH PROJECTS. FURTHER, GROUNDWORK SHOULD PRESENTLY BE LAID FOR A HEALTH SECTOR LOAN. THE HOUSING INVESTMENT GUARANTEE PROGRAM, AS PRESENTLY STRUCTURED, IS NOT RESPONSIVE TO THE URGENT NEED FOR LOW COST HOUSING, BUT WE ARE HOPEFUL THAT AT LEAST A PILOT PROGRAM IN THE FRAMEWORK OF OUR HIG MANDATE WILL COME OUT OF UP-COMING DISCUSSIONS BETWEEN THE MINISTER OF PUBLIC WORKS AND THE USAID DIRECTOR--POSSIBLY A SITES AND SURVEY PROJECT. WE MIGHT ALSO CONSIDER BLENDING DL FUNDS WITH HIG WITH A VIEW TOWARD REDUCING THE INTEREST RATE TO THE BORROWER, BUT MORE IMPORTANTLY BY PROVIDING THE GOZ WITH THE RESOURCES TO SUBSIDIZE HOUSING FOR THE POOR.

3. WITH REFERENCE TO THE SUGGESTION IN PARA 12, REF (B) RE POSSIBLE NEW AID PROJECTS WHICH WOULD BE AIMED AT PROBLEM AREAS--OUR OWN EXPERIENCE IN PLANNING THE SHABA INTEGRATED DEVELOPMENT PROJECT SUPPORTS OBSERVATIONS MADE BY UNDER SECRETARY ROBINSON THAT TRANSPORTATION IS KEY TO THE DEVELOPMENT OF THE AGRICULTURAL SECTOR. WE ARE AWARE OF AID'S RELUCTANCE TO UNDERTAKE ROAD INFRASTRUCTURE DEVELOPMENT PROJECTS, BUT THE FACT REMAINS THAT ZAIRE'S ROAD AND WATERWAYS NETWORK MUST BE IMPROVED QUICKLY. WE BELIEVE NUMEROUS PROJECTS COULD BE UNDERTAKEN IN THE FROM-TO-MARKET NETWORK, WHICH INCLUDES AN EXTENSIVE WATERWAY SYSTEM. WE COULD ALSO JOIN WITH OTHER DONORS IN LARGE ROAD INFRASTRUCTURE PROJECTS, SUCH AS THE PROPOSED EEC ROAD BETWEEN BUKAVU AND KISANGANI. THIS LINK WILL INSURE MORE EXPEDITIOUS EVACUATION OF CROPS FROM HAUT ZAIRE AND THE KIVU, BOTH FOR EXPORT AND FOR DISTRIBUTION THROUGHOUT THE COUNTRY, AND ESPECIALLY TO

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GREATER KINSHASA AREA. THERE IS ALSO THE PROPOSED RAIL LINK BETWEEN KINSHASA AND ILEBO WHICH--WITH THE LESSON OF THE BENGUELA RAILROAD ALL TOO EVIDENT--TAKES ON VITAL IMPORTANCE FOR EXPORTS FROM AND IMPORTS TO THE SHABA. WE WOULD JOIN WITH A REACTIVATED CONSULTATIVE GROUP TO GET THIS PROJECT COMPLETED AS SOON AS POSSIBLE.

4. KINSHASA 063 REPORTED A GOZ REQUEST FOR USAID ASSISTANCE IN DEVELOPING SUGAR PRODUCTION. IT IS BUT ONE EXAMPLE IN A RANGE OF AGRI-BUSINESS OPPORTUNITIES THAT ARE SUSCEPTIBLE TO GOVERNMENT ASSISTANCE, OR TO PRIVATE INITIATIVE, AND TO A COMBINATION OF BOTH. STUART UDALL EXPLORED SUCH OPPORTUNITIES FOR US PRIVATE INVESTMENT IN LATE SUMMER 1974, USING OPIC GUARANTEES, AND UNDER SECRETARY ROBINSON WAS STRUCK BY THE POTENTIAL AND THE URGENT NEEDS IN FOOD PRODUCTION/PROCESSING/MARKETING THERE IS NO LACK OF IMPORTANT PROJECTS, IN OTHER WORDS, AND THERE IS AN URGENT NEED TO GET ON WITH ALLOF THEM.
WALKER

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